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House of Representatives
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FILED
MICHELE REAGAN
SECRETARY OF STATE

CHAPTER 198
HOUSE BILL 2286

AN ACT

AMENDING SECTIONS 15-905.01, 15-1461.01, 41-1276, 42-17003, 42-17004,
42-17107 AND 48-254, ARIZONA REVISED STATUTES; RELATING TO TRUTH IN
TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-905.01, Arizona Revised Statutes, is amended
3 to read:

4 15-905.01. Truth in taxation; calculation; notice and
5 hearing; vote on tax increase

6 A. Each school district shall determine its truth in taxation base
7 limit for expenditures as follows:

8 1. Determine the amounts budgeted in fiscal year 1999-2000 for
9 expenditures in the following categories:

10 (a) Desegregation pursuant to section 15-910.

11 (b) Dropout prevention programs.

12 (c) Career and technical education and vocational education center
13 operations pursuant to section 15-910.01.

14 (d) Small school adjustments pursuant to section 15-949.

15 2. The sum of the expenditures in paragraph 1 of this subsection
16 for fiscal year 1999-2000 shall become the truth in taxation base limit.

17 3. For any year after fiscal year 1999-2000, a school district
18 whose aggregate budgeted expenditures for the expenditures prescribed in
19 paragraph 1 of this subsection exceed the truth in taxation base limit
20 shall publish a truth in taxation hearing notice that meets the
21 requirements of subsection B of this section. If the amount exceeding the
22 previous truth in taxation base limit is approved by the school district
23 governing board following the hearing prescribed in subsection B of this
24 section, the excess amount plus the previous truth in taxation base limit
25 becomes the school district's new truth in taxation base limit.

26 4. If a school district no longer qualifies for one or more of the
27 expenditures prescribed in paragraph 1 of this subsection, the amount
28 budgeted for the most recent fiscal year in which the school district was
29 eligible for that expenditure shall be deducted from the school district's
30 truth in taxation base limit.

31 B. For any fiscal year in which a school district governing board
32 budgets an amount that is higher than the truth in taxation base limit
33 calculated pursuant to subsection A of this section, any fiscal year in
34 which a school district levies any amount for adjacent ways pursuant to
35 section 15-995 or any fiscal year in which the school district levies any
36 amount for liabilities in excess of the school district budget pursuant to
37 section 15-907:

38 1. The school district shall publish a notice that meets the
39 following requirements:

40 (a) The notice shall be published once in a newspaper of general
41 circulation in the school district. The publication shall be at least ten
42 but not more than twenty days before the date of the hearing.

43 (b) The notice shall be published in a location other than the
44 classified or legal advertising section of the newspaper in which it is
45 published.

1 (c) The notice shall be at least one-fourth page in size and shall
2 be surrounded by a solid black border at least one-eighth inch in width.

3 (d) The notice shall be in the following form, excluding the
4 parenthetical explanations, and with the "truth in taxation
5 hearing - notice of tax increase" headline in at least eighteen-point
6 type:

7 Truth in Taxation Hearing
8 Notice of Tax Increase

9 In compliance with section 15-905.01, Arizona Revised
10 Statutes, _____ school district is notifying its property
11 taxpayers of _____ school district's intention to raise
12 its primary property taxes over the current level to pay for
13 increased expenditures in those areas where the governing
14 board has the authority to increase property taxes for the
15 fiscal year beginning July 1, _____. The _____ school
16 district is proposing an increase in its primary property tax
17 levy of \$_____ (amount of levy increase to pay for truth
18 in taxation base increase, the amount of the total levy for
19 the adjacent ways fund and amounts for liabilities in excess
20 of the school district budget pursuant to section 15-907).

21 The amount proposed above will cause _____ school
22 district's primary property taxes on a \$100,000 home to
23 ~~increase from BE \$_____ (THE AMOUNT USED TO PAY FOR THE~~
24 ~~BUDGET YEAR'S PROPOSED TRUTH IN TAXATION BASE LIMIT AND~~
25 ~~ADJACENT WAYS LEVY, INCLUDING ADJACENT WAYS AND LIABILITIES IN~~
26 ~~EXCESS OF THE SCHOOL DISTRICT BUDGET [THE AMOUNT DIVIDED BY~~
27 ~~THE CURRENT NET ASSESSED VALUE AVAILABLE FEBRUARY 10 PURSUANT~~
28 ~~TO SECTION 42-17052] APPLIED TO \$100,000). WITHOUT THE TAX~~
29 ~~INCREASE, THE TOTAL TAXES THAT WOULD BE OWED WOULD HAVE BEEN~~
30 ~~\$_____ (the amount used to pay for the current year's~~
31 ~~truth in taxation base limit [the amount divided by the~~
32 ~~current net assessed value available February 10 pursuant to~~
33 ~~section 42-17052] applied to \$100,000). to \$_____ (the~~
34 ~~amount used to pay for the budget year's proposed truth in~~
35 ~~taxation base limit and adjacent ways levy, including adjacent~~
36 ~~ways and liabilities in excess of the school district budget~~
37 ~~[the amount divided by the current net assessed value~~
38 ~~available February 10 pursuant to section 42-17052] applied to~~
39 ~~\$100,000).~~

40 These amounts proposed are above the qualifying tax
41 levies as prescribed by state law, if applicable. The
42 increase is also exclusive of any changes that may occur from
43 property tax levies for voter approved bonded indebtedness or
44 budget and tax overrides.

1 All interested citizens are invited to attend the public
2 hearing on the proposed tax increase scheduled to be held
3 (date and time) at (location).

4 2. In lieu of publishing the truth in taxation notice, the
5 governing board may mail the truth in taxation notice prescribed by
6 paragraph 1, subdivision (d) of this subsection to all registered voters
7 in the district at least ten but not more than twenty days before the date
8 of the hearing.

9 3. In addition to publishing the truth in taxation notice under
10 paragraph 1 of this subsection or mailing the notice under paragraph 2 of
11 this subsection, the governing board shall issue a press release
12 containing the truth in taxation notice to all newspapers of general
13 circulation in the school district.

14 4. The governing board shall consider a motion to levy the
15 increased property taxes by roll call vote.

16 5. Within three days after the hearing, the governing board shall
17 mail a copy of the truth in taxation notice, a statement of its
18 publication or mailing and the result of the governing board's vote under
19 paragraph 4 of this subsection to the property tax oversight commission
20 established by section 42-17002.

21 6. The governing board shall hold the truth in taxation hearing on
22 or before the adoption of the school district budget under section 15-905.

23 7. Expenditures for adjacent ways and liabilities in excess of the
24 school district budget do not become part of the school district's truth
25 in taxation base limit.

26 C. The department of education shall maintain a listing of each
27 school district's truth in taxation base limit and shall verify the
28 accuracy of the school district's computations. A school district
29 governing board shall notify the department of education of any change in
30 the district's truth in taxation base limit.

31 D. The department of education shall develop a budget form for
32 school districts to show the primary tax rate associated for each of the
33 expenditure categories mentioned in subsection A, paragraph 1 of this
34 section and for expenditures for adjacent ways pursuant to section 15-995
35 or any other expenditure in excess of the school district budget pursuant
36 to section 15-907. A school district shall make this information
37 available to the general public at truth in taxation hearings and shall
38 submit the information to the department of education.

39 Sec. 2. Section 15-1461.01, Arizona Revised Statutes, is amended to
40 read:

41 15-1461.01. Truth in taxation notice and hearing; roll call
42 vote on tax increase; definition

43 A. On or before February 10 of the tax year, the county assessor
44 shall transmit and certify to the property tax oversight commission and to
45 the district governing board the total net assessed values that are

1 required to compute the levy limit prescribed by section 42-17051. If the
2 proposed primary property tax levy, excluding amounts that are
3 attributable to new construction, is greater than the amount levied in the
4 preceding tax year by the district:

5 1. The district governing board shall publish a notice that meets
6 all of the following requirements:

7 (a) Is published twice in a newspaper of general circulation in the
8 district. The first publication shall be at least fourteen but not more
9 than twenty days before the date of the hearing. The second publication
10 shall be at least seven but not more than ten days before the date of the
11 hearing.

12 (b) Is published in a location other than the classified or legal
13 advertising section of the newspaper in which it is published.

14 (c) Is at least one-fourth page in size and shall be surrounded by
15 a solid black border at least one-eighth inch in width.

16 (d) Is in the following form, with the "truth in taxation
17 hearing-notice of tax increase" headline in at least eighteen-point type:

18 Truth in Taxation Hearing

19 Notice of Tax Increase

20 In compliance with section 15-1461.01, Arizona Revised
21 Statutes, _____ community college district is notifying
22 its property taxpayers of _____ community college
23 district's intention to raise its primary property taxes over
24 last year's level. The _____ community college district
25 is proposing an increase in primary property taxes of
26 \$_____ or _____.
27

28 For example, the proposed tax increase will cause
29 _____ community college district's primary property taxes
30 on a \$100,000 home to increase from \$_____ (total taxes
31 that would be owed without the proposed tax increase) to
32 \$_____ (total proposed taxes including the tax increase)
33 BE \$_____ (TOTAL PROPOSED TAXES INCLUDING THE TAX
34 INCREASE). WITHOUT THE PROPOSED TAX INCREASE, THE TOTAL TAXES
35 THAT WOULD BE OWED ON A \$100,000 HOME WOULD HAVE BEEN \$_____.

36 This proposed increase is exclusive of increased primary
37 property taxes received from new construction. The increase
38 is also exclusive of any changes that may occur from property
39 tax levies for voter approved bonded indebtedness or budget
40 and tax overrides.

41 All interested citizens are invited to attend the public
42 hearing on the tax increase that is scheduled to be held
43 (date and time) at (location).

44 2. In lieu of publishing the truth in taxation notice, the district
45 board may mail the truth in taxation notice prescribed by paragraph 1,
subdivision (d) of this subsection to all registered voters in the

1 district at least ten but not more than twenty days before the date of the
2 hearing.

3 3. In addition to publishing the truth in taxation notice under
4 paragraph 1 of this subsection or mailing the notice under paragraph 2 of
5 this subsection, the district governing board shall issue a press release
6 containing the truth in taxation notice to all newspapers of general
7 circulation in the district.

8 4. The district board shall consider a motion to levy the increased
9 property taxes by roll call vote. If the proposed levy, exclusive of
10 increased property taxes received from new construction, constitutes an
11 increase over the preceding tax year's levy by fifteen percent or more,
12 the motion to levy the increased property taxes must be approved by a
13 unanimous roll call vote of the district board.

14 5. Within three days after the hearing, the district board shall
15 mail a copy of the truth in taxation notice, a statement of its
16 publication or mailing and the result of the district board's vote under
17 paragraph 4 of this subsection to the property tax oversight commission
18 established by section 42-17002.

19 6. The district board shall hold the truth in taxation hearing on
20 or before the adoption of the county, city or town budget under section
21 42-17105.

22 B. If the governing board fails to comply with the requirements of
23 this section, the governing board shall not fix, levy or assess an amount
24 of primary property taxes that exceeds the preceding year's amount, except
25 for amounts attributable to new construction.

26 C. For the purposes of this section, "amount attributable to new
27 construction" means the net assessed valuation of property added to the
28 tax roll since the previous year multiplied by a property tax rate
29 computed by dividing the district's primary property tax levy in the
30 preceding year by the estimate of the district's total net assessed
31 valuation for the current year, excluding the net assessed valuation
32 attributable to new construction.

33 Sec. 3. Section 41-1276, Arizona Revised Statutes, is amended to
34 read:

35 41-1276. Truth in taxation levy for equalization assistance
36 to school districts

37 A. On or before February 15 of each year, the joint legislative
38 budget committee shall compute and transmit the truth in taxation rates
39 for equalization assistance for school districts for the following fiscal
40 year to:

41 1. The chairmen of the house of representatives ways and means
42 committee and the senate finance committee or their successor committees.

43 2. The chairmen of the appropriations committees of the senate and
44 the house of representatives or their successor committees.

1 B. The truth in taxation rates consist of the qualifying tax rate
2 for a high school district or a common school district within a high
3 school district that does not offer instruction in high school subjects
4 pursuant to section 15-971, subsection B, paragraph 1, a qualifying tax
5 rate for a unified district, a common school district not within a high
6 school district or a common school district within a high school district
7 that offers instruction in high school subjects pursuant to section
8 15-971, subsection B, paragraph 2 and a state equalization assistance
9 property tax rate pursuant to section 15-994 that will offset the change
10 in net assessed valuation of property that was subject to tax in the prior
11 year.

12 C. The joint legislative budget committee shall compute the truth
13 in taxation rates as follows:

14 1. Determine the statewide net assessed value for the preceding tax
15 year as provided in section 42-17151, subsection A, paragraph 3.

16 2. Determine the statewide net assessed value for the current tax
17 year, excluding the net assessed value of property that was not subject to
18 tax in the preceding year.

19 3. Divide the amount determined in paragraph 1 of this subsection
20 by the amount determined in paragraph 2 of this subsection.

21 4. Adjust the qualifying tax rates and the state equalization
22 assistance property tax rate for the current fiscal year by the percentage
23 determined in paragraph 3 of this subsection in order to offset the change
24 in net assessed value.

25 D. Except as provided in subsections E and G of this section, the
26 qualifying tax rate for a high school district or a common school district
27 within a high school district that does not offer instruction in high
28 school subjects, the qualifying tax rate for a unified school district, a
29 common school district not within a high school district or a common
30 school district within a high school district that offers instruction in
31 high school subjects and the state equalization assistance property tax
32 rate for the following fiscal year shall be the rate determined by the
33 joint legislative budget committee pursuant to subsection C of this
34 section. The committee shall transmit the rates to the superintendent of
35 public instruction and the county boards of supervisors by March 15 each
36 year.

37 E. If the legislature proposes either qualifying tax rates or a
38 state equalization assistance property tax rate that exceeds the truth in
39 taxation rate:

40 1. The house of representatives ways and means committee and the
41 senate finance committee or their successor committees shall hold a joint
42 hearing on or before February 28 and publish a notice of a truth in
43 taxation hearing that meets the following requirements:

44 (a) The notice shall be published twice in a newspaper of general
45 circulation in this state that is published at the state capital. The

1 first publication shall be at least fourteen but not more than twenty days
2 before the date of the hearing. The second publication shall be at least
3 seven but not more than ten days before the date of the hearing.

4 (b) The notice shall be published in a location other than the
5 classified or legal advertising section of the newspaper.

6 (c) The notice shall be at least one-fourth page in size and shall
7 be surrounded by a solid black border at least one-eighth inch in width.

8 (d) The notice shall be in the following form, with the "truth in
9 taxation hearing - notice of tax increase" headline in at least
10 eighteen-point type:

11 Truth in Taxation Hearing

12 Notice of Tax Increase

13 In compliance with section 41-1276, Arizona Revised
14 Statutes, the state legislature is notifying property
15 taxpayers in Arizona of the legislature's intention to raise
16 the property tax levy over last year's level.

17 The proposed tax increase will cause the taxes on a
18 \$100,000 home to ~~increase by~~ BE \$_____ (TOTAL PROPOSED TAXES
19 INCLUDING THE TAX INCREASE). WITHOUT THE PROPOSED TAX
20 INCREASE, THE TOTAL TAXES THAT WOULD BE OWED ON A \$100,000
21 HOME WOULD HAVE BEEN \$_____.

22 All interested citizens are invited to attend a public
23 hearing on the tax increase that is scheduled to be held
24 (date and time) at (location).

25 (e) For purposes of computing the tax increase on a one hundred
26 thousand dollar home as required by the notice, the joint meeting of the
27 house of representatives ways and means committee and the senate finance
28 committee or their successor committees shall consider the difference
29 between the truth in taxation rate and the proposed increased rate.

30 2. The joint meeting of the house of representatives ways and means
31 committee and the senate finance committee or their successor committees
32 shall consider any motion to recommend the proposed tax rates to the full
33 legislature by roll call vote.

34 F. In addition to publishing the truth in taxation notice under
35 subsection E, paragraph 1 of this section, the joint meeting of the house
36 of representatives ways and means committee and the senate finance
37 committee or their successor committees shall issue a press release
38 containing the truth in taxation notice.

39 G. Notwithstanding any other law, the legislature shall not adopt a
40 state budget that provides for either qualifying tax rates pursuant to
41 section 15-971 or a state equalization assistance property tax rate
42 pursuant to section 15-994 that exceeds the truth in taxation rates
43 computed pursuant to subsection A of this section unless the rates are
44 adopted by a concurrent resolution approved by an affirmative roll call
45 vote of two-thirds of the members of each house of the legislature before

1 the legislature enacts the general appropriations bill. If the resolution
2 is not approved by two-thirds of the members of each house of the
3 legislature, the rates for the following fiscal year shall be the truth in
4 taxation rates determined pursuant to subsection C of this section and
5 shall be transmitted to the superintendent of public instruction and the
6 county boards of supervisors.

7 H. Notwithstanding subsection C of this section and if approved by
8 the qualified electors voting at a statewide general election, the
9 legislature shall not set a qualifying tax rate that exceeds \$2.1265 for a
10 common or high school district or \$4.253 for a unified school
11 district. The legislature shall not set a county equalization assistance
12 for education rate that exceeds \$0.5123.

13 I. Pursuant to subsection C of this section, the qualifying tax
14 rate in tax year 2008 for a high school district or a common school
15 district within a high school district that does not offer instruction in
16 high school subjects as provided in section 15-447 is \$1.4622 and for a
17 unified school district, a common school district not within a high school
18 district or a common school district within a high school district that
19 offers instruction in high school subjects as provided in section 15-447
20 is \$2.9244. The state equalization assistance property tax rate in tax
21 years 2006, 2007 and 2008 is zero. The state equalization assistance
22 property tax rate in tax year 2009 shall be computed by annually adjusting
23 the tax year 2005 rate of \$0.4358 as provided by this section through tax
24 year 2009.

25 Sec. 4. Section 42-17003, Arizona Revised Statutes, is amended to
26 read:

27 42-17003. Duties; notification

28 A. The commission shall:

29 1. Establish procedures for deriving the information required by
30 sections 15-905.01, 15-1461.01 and 42-17107, article 2 of this chapter,
31 SECTION 48-254 and paragraph ~~3~~ 4 of this subsection.

32 2. Review the primary property tax levy of each political
33 subdivision to determine violations of sections 15-905.01, 15-1461.01 and
34 42-17107 and article 2 of this chapter.

35 3. BEGINNING IN TAX YEAR 2017, REVIEW THE SECONDARY PROPERTY TAX
36 LEVY OF EACH SPECIAL TAXING DISTRICT TO DETERMINE VIOLATIONS OF SECTION
37 48-254.

38 ~~3~~ 4. Review the secondary property tax levy of each county, city,
39 town and community college district to identify violations of
40 constitutional and statutory requirements.

41 ~~4~~ 5. Review the secondary property tax levy of each fire district
42 to determine violations of section 48-807.

43 ~~5~~ 6. Review for accuracy the tax levy and rate as prescribed by
44 section 15-992.

1 6. 7. Review the reports made by the department concerning
2 valuation accuracy.

3 7. 8. Hold hearings to determine the adequacy of compliance with
4 articles 2 and 3 of this chapter.

5 8. 9. Upon the request of a county, city, town or community
6 college district, hold hearings as prescribed in section 42-17004
7 regarding the calculation of the maximum allowable primary property tax
8 levy limits prescribed in section 42-17051, subsection A.

9 B. If the commission determines that a political subdivision has
10 violated section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this
11 chapter, THAT A SPECIAL TAXING DISTRICT HAS VIOLATED SECTION 48-254, that
12 a fire district has violated section 48-807 or that a school district
13 incorrectly calculated the tax levy and rate as prescribed by section
14 15-992, on or before September 15 the commission shall notify the
15 political subdivision or district, and the county board of supervisors, in
16 writing, of:

17 1. The nature of the violation.

18 2. The necessary adjustment to:

19 (a) The primary property tax levy and tax rate to comply with
20 section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter.

21 (b) The secondary property tax levy and tax rate to comply with
22 section SECTIONS 48-254 AND 48-807.

23 (c) For school districts, the tax levy and rate to comply with
24 section 15-992.

25 C. If the commission determines that a county, city, town or
26 community college district has levied a secondary property tax in
27 violation of constitutional or statutory law, on or before December 31 the
28 commission shall notify in writing the affected political subdivision, the
29 county board of supervisors, the county attorney and the attorney general
30 of the violation.

31 Sec. 5. Section 42-17004, Arizona Revised Statutes, is amended to
32 read:

33 42-17004. Hearing and appeals of commission findings

34 A. If the commission notifies a political subdivision of a
35 violation of section 15-905.01, 15-1461.01 or 42-17107 or article 2 of
36 this chapter, NOTIFIES A SPECIAL TAXING DISTRICT OF A VIOLATION OF SECTION
37 48-254, notifies a fire district of a violation of section 48-807 or
38 notifies a school district of an incorrect calculation of the tax levy and
39 rate as prescribed by section 15-992, and the political subdivision, ~~or~~
40 SPECIAL TAXING DISTRICT OR FIRE district disputes the commission's
41 findings, then on or before October 1 the political subdivision, ~~or~~
42 SPECIAL TAXING DISTRICT OR FIRE district may request a hearing before the
43 commission to attempt to resolve the dispute.

44 B. A governing body of a county, city, town, community college
45 district, school district or fire district may request a hearing before

1 the commission regarding the calculation of the maximum allowable primary
2 or secondary property tax levy limits prescribed in section 42-17051 or
3 48-807 or the calculation of the tax levy and rate as prescribed in
4 section 15-992, as applicable. The commission may resolve any disputes.

5 C. The commission shall conduct the hearing as prescribed in title
6 41, chapter 6, article 10.

7 D. If the dispute is resolved at the hearing, the commission shall
8 immediately notify the county board of supervisors of the proper primary
9 or secondary tax levy and tax rate.

10 E. If a political subdivision, SPECIAL TAXING DISTRICT or fire
11 district continues to dispute the commission's findings after the hearing
12 under this section, the political subdivision, ~~or~~ SPECIAL TAXING DISTRICT
13 OR FIRE district may:

14 1. Appeal the matter to tax court within thirty days after the
15 commission renders the decision.

16 2. Levy primary or secondary property taxes in the amount that the
17 political subdivision, ~~or~~ SPECIAL TAXING DISTRICT OR FIRE district
18 considers to be proper, pending the outcome of the appeal.

19 Sec. 6. Section 42-17107, Arizona Revised Statutes, is amended to
20 read:

21 42-17107. Truth in taxation notice and hearing; roll call
22 vote on tax increase; definition

23 A. On or before February 10 of the tax year, the county assessor
24 shall transmit and certify to the property tax oversight commission and to
25 the governing body of the county, city or town the total net assessed
26 values that are required to compute the levy limit prescribed by section
27 42-17051. If the proposed primary property tax levy, excluding amounts
28 that are attributable to new construction, is greater than the amount
29 levied by the county, city or town in the preceding tax year in the
30 county, city or town:

31 1. The governing body shall publish a notice that meets all of the
32 following requirements:

33 (a) Is published twice in a newspaper of general circulation in the
34 county, city or town. The first publication shall be at least fourteen
35 but not more than twenty days before the date of the hearing. The second
36 publication shall be at least seven but not more than ten days before the
37 date of the hearing.

38 (b) Is published in a location other than the classified or legal
39 advertising section of the newspaper in which it is published.

40 (c) Is at least one-fourth page in size and shall be surrounded by
41 a solid black border at least one-eighth inch in width.

42 (d) Is in the following form, with the "truth in taxation hearing
43 notice of tax increase" headline in at least eighteen-point type:

Truth in Taxation Hearing
Notice of Tax Increase

In compliance with section 42-17107, Arizona Revised Statutes, (name of county, city or town) is notifying its property taxpayers of ~~its~~ (name of county, city or town)'S intention to raise its primary property taxes over last year's level. (name of county, city or town) is proposing an increase in primary property taxes of \$_____ or ____%.

For example, the proposed tax increase will cause ~~its~~ (name of county, city or town)'S primary property taxes on a \$100,000 home to ~~increase from \$_____ (total taxes that would be owed without the proposed tax increase) to \$_____ (total proposed taxes including the tax increase)~~ BE \$_____ (TOTAL PROPOSED TAXES INCLUDING THE TAX INCREASE). WITHOUT THE PROPOSED TAX INCREASE, THE TOTAL TAXES THAT WOULD BE OWED ON A \$100,000 HOME WOULD HAVE BEEN \$_____.

This proposed increase is exclusive of increased primary property taxes received from new construction. The increase is also exclusive of any changes that may occur from property tax levies for voter approved bonded indebtedness or budget and tax overrides.

All interested citizens are invited to attend the public hearing on the tax increase that is scheduled to be held (date and time) at (location).

2. In lieu of publishing the truth in taxation notice, the governing body may mail the truth in taxation notice prescribed by paragraph 1, subdivision (d) of this subsection to all registered voters in the county, city or town at least ten but not more than twenty days before the date of the hearing on the estimates pursuant to section 42-17104.

3. In addition to publishing the truth in taxation notice under paragraph 1 of this subsection or mailing the notice under paragraph 2 of this subsection, the governing body shall issue a press release containing the truth in taxation notice.

4. The governing body shall consider a motion to levy the increased property taxes by roll call vote. If the proposed levy, exclusive of increased property taxes received from new construction, constitutes an increase over the preceding tax year's levy by fifteen percent or more, the motion to levy the increased property taxes must be approved by a unanimous roll call vote of the governing body.

5. Within three days after the hearing, the governing body shall mail a copy of the truth in taxation notice, a statement of its publication or mailing and the result of the governing body's vote under paragraph 4 of this subsection to the property tax oversight commission.

1 6. The governing body shall hold the truth in taxation hearing on
2 or before the adoption of the county, city or town budget under section
3 42-17105.

4 B. If the governing body fails to comply with the requirements of
5 this section, the governing body shall not fix, levy or assess an amount
6 of primary property taxes that exceeds the preceding year's amount, except
7 for amounts attributable to new construction.

8 C. For the purposes of this section, "amount attributable to new
9 construction" means the net assessed valuation of property added to the
10 tax roll since the previous year multiplied by a property tax rate
11 computed by dividing the primary property tax levy of the county, city or
12 town in the preceding year by the estimate of the total net assessed
13 valuation of the county, city or town for the current year, excluding the
14 net assessed valuation attributable to new construction.

15 Sec. 7. Section 48-254, Arizona Revised Statutes, is amended to
16 read:

17 48-254. Truth in taxation notice and hearing; roll call vote
18 on tax increase; definition

19 A. On or before February 10 of the tax year, the county assessor
20 shall transmit and certify to the PROPERTY TAX OVERSIGHT COMMISSION AND TO
21 THE governing body of each county flood control district, county free
22 library district, county jail district and public health services district
23 the total net assessed values that are required to compute the levy
24 prescribed by sections 48-3620, 48-3903, 48-4023, 48-4023.01 and 48-5805.
25 If the proposed secondary property tax levy of the special taxing
26 district, excluding amounts attributable to new construction, is greater
27 than the amount levied by the special taxing district in the preceding tax
28 year:

29 1. The governing body shall publish a notice that meets the
30 following requirements:

31 (a) The notice shall be published twice in a newspaper of general
32 circulation in the county. The first publication shall be at least
33 fourteen but not more than twenty days before the date of the
34 hearing. The second publication shall be at least seven but not more than
35 ten days before the date of the hearing.

36 (b) The notice shall be published in a location other than the
37 classified or legal advertising section of the newspaper in which it is
38 published.

39 (c) The notice shall be at least one-fourth page in size and shall
40 be surrounded by a solid black border at least one-eighth inch in width.

41 (d) The notice shall be in the following form, with the "truth in
42 taxation hearing-notice of tax increase" headline in at least eighteen-
43 point type:

Truth in Taxation Hearing

Notice of Tax Increase

In compliance with section 48-254, Arizona Revised Statutes, (name of special taxing district) is notifying its property taxpayers of ~~its~~ (name of special taxing district)'S intention to raise its secondary property taxes over last year's level. (name of special taxing district) is proposing an increase in secondary property taxes of \$_____ or _____%.

For example, the proposed tax increase will cause ~~its~~ (name of special taxing district)'S secondary property taxes on a \$100,000 home to increase from \$_____ (~~total taxes that would be owed without the proposed tax increase~~) to \$_____ (~~total proposed taxes including the tax increase~~) BE \$_____ (TOTAL PROPOSED TAXES INCLUDING THE TAX INCREASE). WITHOUT THE PROPOSED TAX INCREASE, THE TOTAL TAXES THAT WOULD BE OWED ON A \$100,000 HOME WOULD HAVE BEEN \$_____.

This proposed increase is exclusive of increased secondary property taxes received from new construction. The increase is also exclusive of any changes that may occur from property tax levies for voter-approved bonded indebtedness.

All interested citizens are invited to attend the public hearing on the tax increase that is scheduled to be held (date and time) at (location).

2. Instead of publishing the truth in taxation notice, the governing body may mail the truth in taxation notice prescribed by paragraph 1, subdivision (d) of this subsection to all registered voters in the special taxing district at least ten but not more than twenty days before the date of the hearing on the estimates pursuant to section 42-17104.

3. In addition to publishing the truth in taxation notice under paragraph 1 of this subsection or mailing the notice under paragraph 2 of this subsection, the governing body shall issue a press release containing the truth in taxation notice.

4. The governing body may only consider a motion to levy the increased property taxes by roll call vote.

5. WITHIN THREE DAYS AFTER THE HEARING, THE GOVERNING BODY SHALL MAIL A COPY OF THE TRUTH IN TAXATION NOTICE, AS A STATEMENT OF ITS PUBLICATION OR MAILING AND THE RESULT OF THE GOVERNING BODY'S VOTE UNDER PARAGRAPH 4 OF THIS SUBSECTION TO THE PROPERTY TAX OVERSIGHT COMMISSION.

~~5.~~ 6. The governing body shall hold the truth in taxation hearing concurrently with the adoption of the county budget under section 42-17105.

1 B. If the governing body fails to comply with the requirements of
2 this section, the governing body may not fix, levy or assess an amount of
3 secondary property taxes that exceeds the preceding year's amount, except
4 for amounts attributable to new construction.

5 C. For the purposes of this section, "amounts attributable to new
6 construction" means the net assessed valuation of property added to the
7 tax roll since the previous year multiplied by a property tax rate
8 computed by dividing the secondary property tax levy of the special taxing
9 district in the preceding year by the estimate of the total net assessed
10 valuation of the special taxing district for the current year, excluding
11 the net assessed valuation attributable to new construction.

APPROVED BY THE GOVERNOR APRIL 26, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 26, 2017.

Passed the House February 21, 20 17

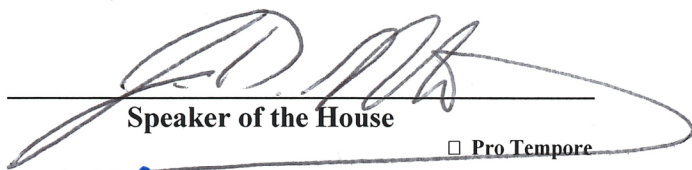
Passed the Senate April 19, 2017

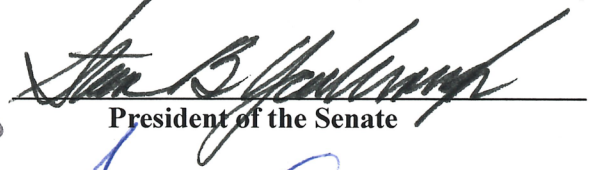
by the following vote: 35 Ayes,

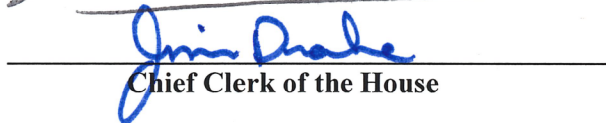
by the following vote: 25 Ayes,

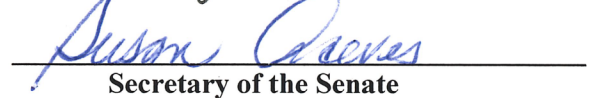
23 Nays, 2 Not Voting

3 Nays, 2 Not Voting


Speaker of the House
☐ Pro Tempore


President of the Senate


Chief Clerk of the House

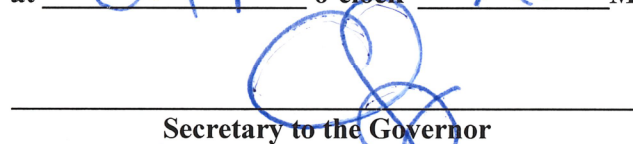

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

20 day of April, 20 17

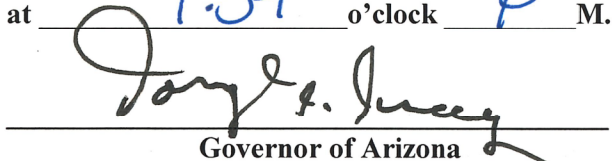
at 8:49 o'clock A. M.


Secretary to the Governor

Approved this 26th day of

April 2017

at 1:34 o'clock P M.


Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 26 day of April, 20 17

at 4:44 o'clock P M.


Secretary of State

H.B. 2286